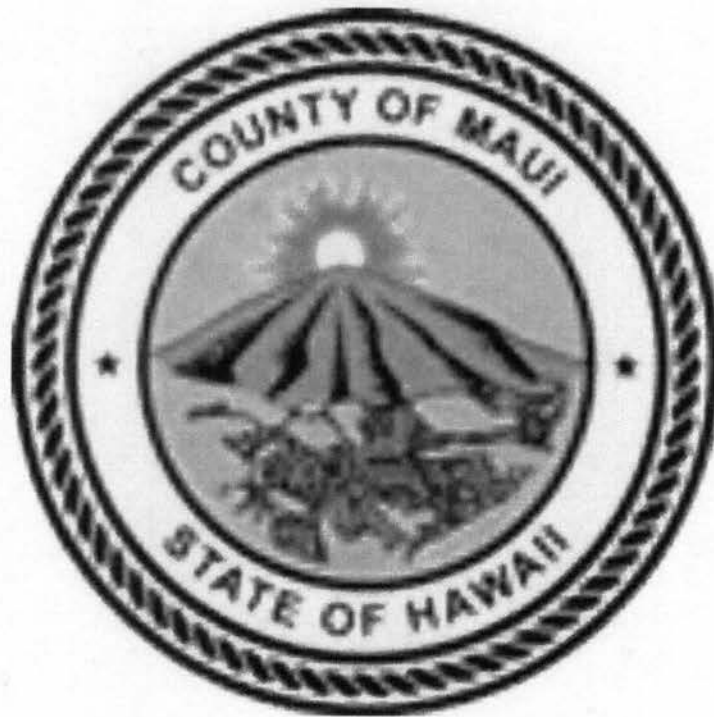


COUNTY OF MAUI



COST OF GOVERNMENT COMMISSION

ANNUAL REPORT

2014 - 2015

**COST OF GOVERNMENT COMMISSION
2014 – 2015 ANNUAL REPORT
OVERVIEW**

I. INTRODUCTION

The Cost of Government Commission ("COGC" or "Commission") was created as a result of the General Election of 1976. In its final report dated February 19, 1976, the Charter Commission stated, "The Cost of Government Commission would provide a cyclical review of cost and efficiency of the both the legislative and executive branches of County Government. The [Charter] Commission believes that this Commission [COGC], if adopted, will be one of the first of its kind in local government." Report of the Maui County Charter Commission, pg. 1 - 5 (1976). See Exhibit A.

Despite the challenges faced since the creation of the Office of the County Auditor ("OCA"), the Commission continues to serve the community by seeking public input on efficiency, economy, and improved service within County Government. The Commission supports the independence of the OCA and affirms there is no duplication of effort or focus between the OCA and the COGC. In its 2014 -2015 term, the Commission defined its role and clarified its function in relationship to the OCA. The OCA and the COGC will continue to serve the community by carrying out its mandated duties under the Maui County Charter ("Charter").

The Commission commends the Mayor and the Maui County Council for their collaborative effort to ensure the continued financial stability of the County as reflected in the Fiscal Year ("FY") 2015 Budget. The budget contained a 3.1% reduction in real property tax and appropriated money for water projects, road improvements and parks construction. Money was also appropriated for the Molokai and Lanai community health centers, as well as the Kaunakakai Police Station and the Kula Agricultural Park. The economy continues to rebound from the recession of 2008 and the County continues to invest in social services, public safety, environmental sustainability and capital improvements throughout the County.

While the economy continues to recover and grow, the Commission encourages the Mayor and the Maui County Council to implement policies that will continue to give taxpayers the best value for their money. Best management practices are strongly recommended to increase the systemic efficiencies while reducing uneconomical or wasteful expenditures. The Mayor and the Maui County Council should collaborate together to improve government processes, increase efficient implementation of these processes and policies, and balance spending against the quality of the provided service.

During this term, the Commission solicited ideas and/or potential subject areas from the Administration and the Maui County Council. Representatives from both had come before the Commission to acknowledge the invitation and provide feedback. In addition, the Commission met with Budget Director Sananda ("Sandy") Baz, Department of Planning Deputy Director Michele McLean, Department of Housing and Human Concerns ("DHHC") Director Jo-Ann T. Ridao and Grants Management Administrator Rudolpho ("Rudy") Esquer, and Department of Water Supply ("DWS") Director Dave Taylor to discuss potential areas of study. As a result of this process, the Commission decided to establish two (2) Temporary Investigative Groups ("TIG") to study and make recommendations on: 1) County Planning Commissions, and 2) Grants Review Process.

The County Planning Commissions TIG was created to examine the cost effectiveness and cost efficiency of conducting business; specifically, business being conducted on the islands of Lanai and Molokai. The Grants Review Process TIG was created to examine the grant application and

review process from the DHHC, the Office of Economic Development ("OED") and the Maui County Council.

The Commission encourages the Mayor and the Maui County Council to review and consider the Commission's findings and recommendations in this report. The Commission advises the OCA to review this report and, if necessary, consider further examination of said subject matters.

The Commission is made up of nine (9) volunteers with various educational and employment backgrounds. The cumulative wisdom and experience of its members are notable, and collectively, the Commission has dedicated their time and knowledge to improving the quality of governance in Maui County. Unfortunately, the Commission has limited time and resources available that precludes the full vetting of these complex and difficult subjects. However, the Commission believes its recommendations should be a catalyst for a more in-depth discussion and a foundation for the development of ordinances and improved processes and/or policies on the subjects investigated.

The Commission encourages County management to implement its recommendations where possible and necessary, or to find an alternative approach to any problems or challenges in the finding of facts identified by this Commission.

The Commission will continue to fulfill the philosophy decreed by the Hawaii State motto, "Ua mau ke ea o ka aina i ka pono," ("The Life of the Land is Perpetuated in Righteousness"), by investigating government processes and operations; recommending where efficiency, economic, and improved service can be realized and, where necessary, provide advice to the OCA on what it believes could be fruitful subjects for a more detailed study and review after a preliminary investigation.

II. ITEMS & UPDATES FROM PAST ANNUAL REPORTS*

A. STRATEGIC PLAN 2014 – 2017

During the term 2013 – 2014, the Commission believed that a 3-year Strategic Plan would be instructive and a useful tool in providing a road map for the Commission and its incoming Commissioners. Although its mission statement is clearly described in the Charter, a Strategic Plan would change as the Commission's objective(s) evolved.

It is recommended that the Commission revisit the Strategic Plan on an on-going basis to constructively evaluate itself. It must be kept in mind that the Strategic Plan is a living document that changes over time.

B. BUILDING PERMITS

The Commission refers to the Mayor and the Maui County Council to the recommendations contained in its 2012 -2013 Annual Report. Economic development and the health and safety of the public will be supported by an efficient and reliable permitting system. Appropriate training and allocation of adequate personnel, the integration of up-to-date technologies, and permitting procedures that separate the more involved permitting application from the less complicated requests are essential aspects of improved service in this area.

* All previous COGC Annual Reports are available via web link listed below:
<http://www.mauicounty.gov/index.aspx?NID=179>

Due to the findings and recommendations of the 2012 -2013 Annual Report, the Administration has made considerable progress in improving the permitting process. The County's website regarding building permits is quite comprehensive and informative.¹

C. COUNTY SPACE REQUIREMENTS AND MANAGEMENT

In its 2011 – 2012 Annual Report, the Commission outlined some “working assumptions” for the County space requirements and management. They are following: 1) the building of County assets where feasible, 2) the centralized negotiation of reasonable lease rents and 3) the integration of plans to expand the Wailuku Campus within the context of the revitalization of Wailuku Town.

In his 2014 State of the County Address, Mayor Alan Arakawa stated, “Currently the County pays more than \$475, 000 in annual rent for Maui Mall office space, and it increases by 4% every year. The mall was also recently purchased by an off-island investor, and we don't know if their long term plans include our Service Center.”² This statement supports the Commissions 2011 -2012 Annual Report.

A year later in his 2015 State of the County Address, Mayor Alan Arakawa spoke about the design of Kalana O Maui Campus Extension's first building, which would enable the County to relocate many of its County offices from leased property. In addition to this, the Service Center will replace the one currently located at Maui Mall and save the County \$500,000 in annual rent. The County spends more than \$3 million in rent, annually, from renting/leasing office space.

D. MANAGEMENT OF THE COUNTY'S VEHICLE FLEET

In its 2009 – 2010 Annual Report the Commission recognized the potential savings of up to \$33 million over a period of 2-years if implementations of the recommendations in four (4) separate program areas are considered. Two of the four programs included the 1) Management of the County's Vehicle Fleet (estimated cost of savings up to \$24.3 million) and 2) Fleet Maintenance and Fuel Efficiency (estimated cost savings of approximately \$518,400).

Subsequently, the Administration moved forward with the use of Global Positioning System (“GPS”) tracking in County vehicles and is currently in the process of carrying out a carpool program. Mayor Alan Arakawa has stated that the installing of GPS in the County vehicles has been a great success and has saved the County money.³

III. **THE SUNSHINE LAW**

The Sunshine Law (“SL”) is Hawaii's open meetings law.⁴ It requires the County boards to conduct their business in public, with certain exceptions. Although originally enacted in 1975, it

¹ County of Maui, Building Permits web link listed below:

<http://www.co.maui.hi.us/index.aspx?nid=1208>

² Mayor Alan Arakawa 2014 State of the County Address, pg. 14:

<http://hi-maui-county.civicplus.com/DocumentCenter/View/89710>

³ Mayor Alan Arakawa 2014 State of the County Address, pg. 14:

<http://hi-maui-county.civicplus.com/DocumentCenter/View/89710>

⁴ State of Hawaii, Office of Information Practices web link listed below:

<http://oip.hawaii.gov/laws-rules-opinions/sunshine-law/>

has been modified over the years to allow for greater Board efficiency while still requiring the Board to conduct their business as openly as possible.

These types of changes include provisions on video conferencing meetings; allowing disabled Board members to attend a meeting remotely; allowing the description of proposed rule changes to be described generally; received testimony or presentations even when a meeting has less than a quorum; and less than quorum of Board members may attend conferences or presentations with a number of restrictions including a report on the Board business discussed at the next noticed meeting of the Board. The State Legislature continues to amend the SL, such as a 2015 proposed change that would add the risk of a substantial and demonstrable risk of physical harm to the examples of a significant privacy interest.

During this term, on occasion, the Commission spent a considerable amount of its monthly meeting time understanding the SL. Though this issue has been addressed in years past and despite the expertise and communication provided by the Office of Corporation Counsel, there was much confusion and a few setbacks to the steps necessary in establishing a TIG, as well as the steps following in order to disseminate the information researched and gathered while the TIG is still in progress.

The Commission is continually in pursuit of openness and transparency. As amendments to the SL occur, the Commission recommends the Mayor to instruct the Department of Corporation Counsel to design a comprehensive and consistent training regimen for Board and Commissions on updates to the SL.

IV. ITEMS THAT CAME BEFORE THE COMMISSION FOR CONSIDERATION DURING THIS TERM 2014 – 2015

A. BIENNIAL BUDGET

Budget Director Sandy Baz, provided the Commission with a brief background of the County budget process and distributed two (2) handouts to the Commission: 1) The Budget Process Calendar, and 2) Overview of the Budget Process and Analysis of the Biennial Budget System PowerPoint Summary.

Budget Director Baz discussed the biennial budget process and informed the Commission that the County budget must first be balanced. With respect to the County revenues, he expressed some concern about the ability to project real property tax revenue eighteen (18) months out. Real property tax revenue is the majority of the County's revenue. Other revenue figures – e.g., wastewater fees, fuel tax – would be better to estimate. He suggested that one way to better estimate revenues would be to amend the Charter so that real property tax rates change every 2-years rather than every year. With consideration to the County expenditures, Budget Director Baz states that the largest single expenditure is salaries, and that union contract negotiations can affect salaries in unforeseen ways. He concluded by saying that forecasting expenditures would be less challenging than forecasting revenues. He estimated approximately \$1 million in County funds were expended in the Fiscal Year ("FY") 2015 budget deliberation process.

Budget Director Baz suggested for the Commission to compare and contrast Maui County's budget process with other counties processes.

With the information shared by Budget Director Baz, the Commission concluded not to consider the Biennial Budget as a subject matter. The length of time to study the subject matter would be considerable. Though, the Commission did feel that it is a subject matter that could be considered at another time.

B. WATER PIPE REPLACEMENT PROGRAM

DWS Director Dave Taylor appeared before the Commission and made a presentation regarding the water pipe replacement program. Currently, there are 750 miles of pipeline. The field operation division repairs small pipelines. Large projects are done by outside contractors that are led by the capital improvement engineering division.

According to DWS Director Taylor, in Central Maui, twenty percent (20%) of the water is not getting to the meters either because of leakage, inaccurate meters or water illegally being stolen. He further explained that the numbers are approximately twenty percent (20%) off as well. The industry standard is ten percent (10%).

Most of the pipe is ductile iron pipe, which is metal-based. Corrosion is an electro-chemical reaction, which occurs where the chemical reaction is happening so there is not equal wear across the pipes. Therefore, only those portions that have corrosion need to be repaired - not the entire pipe. The life of the ductile iron pipe could be a hundred (100) years but certain sections of that pipe may only last ten (10) years.

To remedy this situation, the Maui County Council has authorized \$1 million and two (2) leak detector positions. The plan is to buy a few dozen remote sensors, which will be placed on the meter boxes, valves or anywhere that has access to the pipes. It will record data for 24-hours. The sensors will pinpoint the location of the leak. As a result, those areas that have leaks will be fixed instead of the entire pipe. This will resolve the issue of unaccounted water.

DWS Director Taylor believes the solution will more than likely entail spot repairs rather than replacing miles of pipe. He added, "This is not a pipe detection problem. This is a leak detection problem."

With the information shared by DWS Director Taylor, the Commission did not consider this subject matter as one of its TIGs. The Commission concluded that there was enough oversight by the Board of Water Supply, and other Federal and State regulations that the DWS is to comply with.

V. TEMPORARY INVESTIGATIVE REPORTS ("TIG") EXECUTIVE SUMMARIES

A. COUNTY PLANNING COMMISSIONS

The County Planning Commissions TIG was organized to make findings and propose recommendations on ways the Planning Commissions could continue to conduct business and serve the community while reducing costs for Maui County. Members of the TIG interviewed Department of Planning Deputy Director Michele McLean, Maui Planning Commission Vice-Chair Keone Ball, Lanai Planning Commission Chair John Ornellas and Molokai Planning Commission Chair Mike Jennings, as well as former members of the LPC. The TIG reviewed Hawaii County and Kauai County Planning Commissions operating processes, and also reviewed the past agenda and meeting of the LPC and Molokai Planning Commission to explore the type of business being conducted and its length of time (hours spent). The TIG researched ways in which to continue with the Planning Commissions' meetings but in a more cost-effective and time-efficient manner.

The TIG offers the following specific recommendations based on its review:

1. Conduct LPC meetings during normal business hours to reduce payroll, lodging, and per diem costs. Currently the LPC is the only commission that meets outside of normal business hours, which creates the need for lodging, meals, overtime and per diem costs for County staff. In 2016, the lodging costs on Lanai are expected to triple. Conducting meetings during normal business hours would eliminate the added costs. In the alternative, meetings could be held on a Saturday during the day, which the Planning Department is receptive to. A Saturday meeting will reduce lodging costs, but it will still incur overtime for County staff.
2. Propose and ordinance to require meetings to be conducted during normal (daytime) business hours.
3. Adopt a countywide uniform administrative approval process for minor Special Management Area ("SMA") permit applications, exemptions, extensions, etc. This would increase continuity to the public and reduce the frequency of meetings and costs.
4. Investigate and explore further the use of teleconferencing, video conferencing and other methods of conducting business that does not violate Hawaii Revised Statutes ("HRS") Chapter 92.

B. GRANTS REVIEW PROCESS

The Grants Review Process TIG was organized to make findings and propose recommendations to the current grants process and system. The elimination of the Grants Review Board in 2014 triggered the Commission's interest in this subject matter. An effective grant program is an invaluable tool for County governance. It provides very cost-effective ways of addressing various County needs. The purpose of this TIG was to ensure that these funds are properly designated for specific, measurable needs and are properly evaluated.

Maui County will spend approximately \$27 million on grants in Fiscal Year 2015. Of Maui County's \$600 million annual budget, 4% of it supports grant funding. This amount is significantly higher than the City and County of Honolulu and Hawaii County.

Members of the TIG interviewed DHHC Director Jo-Ann T. Ridao, Budget Director Sandy Baz, Council Chair Gladys C. Baisa, Budget & Finance Chair Mike White and Council Member Don Couch. The TIG reviewed the Guide to Opportunities for Improving Grant Accountability prepared by Domestic Working Group (October 2005); the annual budget of grantees and grant allocations for various departments; as well as samples of the DHHC and the OED grant applications.

The TIG offers the following specific recommendations based on its review:

1. Recommended County Grant System
 - Create a business model establishing objectives, implementations, maintenance and review;
 - Make a determination of the County's needs for prior allocations of funds;
 - Appropriate funds for specific needs;
 - Create action plans to address needs;

- Partner with Organizations (Grantees) to execute the action plans;
- Monitor the funds and activity of each organization; and
- Evaluate each organization's results according to the County's goals.

2. Recommended Structural Changes

- Consolidate all grant activity into a single "Grants" department; and
- Replace line-item grants with appropriations for specific areas of need (e.g., substance dependency, homelessness, etc.).

3. Positive Solutions Made Possible by Structural Changes

- A "Grants Department", separate from and not attached to any other County department, would enable the County to assemble staff with the specific skills and experience required to effectively manage the grants program while eliminating much of the politics;
- Bring consistency to the application, administration and evaluation process of the grants program; and
- Be in a position to implement the nationally recognized best practices of grant administration.

VI. LEGISLATIVE MATTERS REGARDING THE COST OF GOVERNMENT

During the term 2014 -2015, the Commission faced a few unexpected legislative challenges. On March 31, 2014, a proposed resolution entitled, "PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, RELATING TO THE ABOLISHING OF THE COST OF GOVERNMENT COMMISSION" was introduced to the Policy and Intergovernmental Affairs Committee ("PIA"). See Exhibit B. The role of the Commission was, again, being examined since the establishment of the Office of the County Auditor ("OCA"). Subsequently, a revised proposed resolution dated June 5, 2014 entitled, "PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, RELATING TO CLARIFY THE DUTIES OF THE COST OF GOVERNMENT COMMISSION" (Committee Report No. 14-66) was introduced. See Exhibit C. This revised proposed resolution essentially would delete the powers, duties and functions of the COGC.

The proposed resolution, Committee Report No. 14-66, was approved by the PIA Committee and forwarded to the Maui County Council for consideration. It passed first reading. Fortunately, the proposed resolution failed at second reading and the matter was filed. However, if it had successfully passed second reading, a proposed Charter Amendment would have been submitted to the voters on the following General Election ballot to vote either for or against the proposed Charter Amendment.

Successfully with the support of the Mayor's office, past and present Commission members and members of the public, the matter did not pass second reading. See Exhibit D and E.

It is the hope of this Commission that this matter be resolved and at rest. The term "advisory"⁵ as stated in the Charter, Section 3-9.3,⁶ have been defined by the Department of Corporation Counsel and that the performance of the OCA and the COGC to be dissimilar as it independently carries out its own duties and functions.

VII. ACKNOWLEDGMENTS

The Commission would like to thank the members of the Arakawa Administration who always respond promptly and professionally to the requests for information made by the Commission. The Commission is grateful for Mayor Alan Arakawa's attentiveness to the Commission's duties and functions, and the support for allowing the Commission to continue meeting in the Mayor's Conference Room.

The Commission would also like to thank the members of the Maui County Council who supported the Commission in its work during the term of this report. The Commission would like to especially thank Chair of the Maui County Council Gladys C. Baisa, the Budget and Finance Chair Mike White for their consideration and support to the Commission's budget requests and needs.

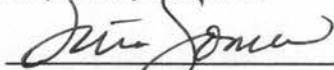
The Commission would like to thank Lance Taguchi, Auditor for the County of Maui, and his staff for their continued support during a busy and eventful time while simultaneously fulfilling their duties for Maui County and drafting their first audit report.

The Commission also thanks our legal representative, Ed Kushi, First Deputy of the Corporation Counsel, for his guidance, advice and assistance in assuring that the Commission is adhering to all matters correctly and efficiently. And, thank you to legal representative for the OCA, Linden Joesting, for her expertise in all matters of the SL.

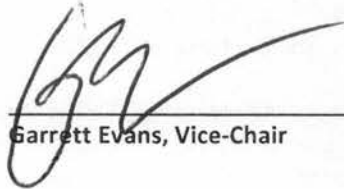
The Commission would like to thank John Buck, Executive Assistant to the Mayor and Ex-Officio on the COGC. Your time, attention and assistance in communicating our concerns and questions to the Mayor are greatly appreciated. The support provided goes above and beyond the Commission's expectations.

Finally, the Commission would like to extend its appreciation to Shelley Pellegrino and Gina Gormley, technical writers and consultants to the Commission. Their professional experience, skills and knowledge of County Government have been an extremely important and incredible asset. Their support in assisting with the annual report is valued and recognized.

Respectfully Submitted:



Tina Gomes, Chair



Garrett Evans, Vice-Chair

⁵ Cost of Government Commission Meeting Minutes for May 8, 2014, pg. 3:
<http://www.mauicounty.gov/ArchiveCenter/ViewFile/Item/19163>

⁶ Charter of the County of Maui, 2015 Edition, pg. 10:
<http://www.co.maui.hi.us/DocumentCenter/View/83827>

**COST OF GOVERNMENT COMMISSION
2014 – 2015 ANNUAL REPORT
OVERVIEW**

LIST OF EXHIBITS

- | | |
|------------------|--|
| EXHIBIT A | County of Maui, Charter Commission Minutes of 1976, pg. 1 - 5. |
| EXHIBIT B | County of Maui, Proposed Resolution entitled "PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, RELATING TO THE ABOLISHMENT OF THE COST OF GOVERNMENT COMMISSION." |
| EXHIBIT C | County of Maui, Proposed Resolution entitled "PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, RELATING TO CLARIFYING THE DUTIES OF THE COST OF GOVERNMENT COMMISSION" (COMMITTEE REPORT NO. 14-66). |
| EXHIBIT D | Testimonial Letter to Maui County Council Chair Gladys C. Baisa and Members of the Maui County Council dated June 18, 2014 pertaining to Proposed Resolution entitled, "PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, TO CLARIFY THE DUTIES OF THE COST OF GOVERNMENT" (COMMITTEE REPORT NO. 14-66). |
| EXHIBIT E | Copy of The Maui News article, entitled " <u>Councilors Vote Down Charter Resolution</u> " dated July 9, 2014. |

Overview

EXHIBIT A

County of Maui

Charter Commission Minutes of 1976, pg. 1 - 5

REPORT
of the
MAUI COUNTY CHARTER COMMISSION

I. GENERAL

A. BACKGROUND

The Maui County Charter Commission was appointed in February, 1975, according to the provisions of Sec. 14-3 of the Charter of the County of Maui. It proceeded with its work on the assumption that the present Charter is basically a sound document, and therefore, no wholesale changes would be proposed.

A thorough study and review of the operation of the County government under the present Charter was made. The operations of local government under existing charters in other counties were studied. Informative talks were had with public officials, including the County Council members in Maui and other Counties of the State. Studies of various forms of local government were also made and some of the best printed materials available were gone over in the process.

After this preliminary study and review, the Charter Commission singled out those areas of the Charter that it believed needed revisions, or where it felt that alternative choices should be presented to the voters.

These proposals were presented at public hearings both early in its deliberations and later after it had refined its work, alternatives were discussed, advantages and disadvantages were laid out.

Although the Commission was somewhat disappointed in the small numbers of Maui County residents that turned out for these public meetings, nonetheless a feeling of general concern amongst the people was determined. Accordingly, those concerns were taken into account by the Commission in its final draft of proposed revisions.

B. ACCOUNTABILITY, RESPONSIVENESS, EFFICIENCY

The discussions within the Commission centered mainly on

three recurring themes:

1. Accountability, and
2. Responsiveness of public officials to the needs and desires of the citizens of Maui, and
3. Maximizing efficiency of governmental operations.

How to bring about an increase of these attributes in County government was an overriding concern. While there are no radical changes in the proposed revised Charter within the context of these three areas, there are a number of proposed amendments that are deemed significant. The proposals represent a serious effort to achieve the desired characteristics. While no Charter, however carefully drafted can guarantee these attributes, the Commission does believe that its proposals will go far towards attaining these desirable results.

II. LEGISLATIVE BRANCH

A. COUNCIL COMPOSITION

A major concern, and one that aroused the greatest response at public hearings, was that of council composition.

The unique geography of Maui County does not easily permit traditional or pure textbook district representation which would be acceptable to residents of outlying areas.

At the same time, it seemed evident that there was a general feeling of a need for more responsiveness and identity of Council representatives with a particular residency, all the while recognizing the need for Council members that would represent the County at large.

The Commission believes that proposed composition of the Council represents a reasonable compromise between pure districting and the existing councilmanic representation. Moreover, the proposal realistically takes into account our unique geographic characteristics.

All Council members will run at large; seven will have residency requirements and two will not.

B. TERM OF OFFICE

Corollary to the question of Council Composition was the issue of term of office.

The Commission voted to place two alternatives (options) before the people of the County to allow the voters to determine whether they prefer a two-year or four-year term for Council members. Because community discussions seemed divided on the issue of Council terms, the Commission preferred not to decide the issue arbitrarily, but to leave it to the voters of the County to decide.

C. OFFICE OF COUNCIL SERVICES

In order to strengthen the County Council in its policy making role, the Commission has proposed a new Office of Council Services to be filled as the need may arise. It will allow the legislative body to carry on its own study and research independent of the executive branch and thereby generate some ideas and proposals independent of what may be presented to it by the administration.

III. EXECUTIVE BRANCH

A. OFFICE OF THE MAYOR

In its efforts to assure more accountability in our County government, the Commission also realized that the responsibility for this goal would rest finally with the Mayor as the chief administrator.

The Commission felt therefore, that the Mayor should be given time to fully plan, develop and effectively carry out programs beneficial to the County. Long-range planning and the time needed to successfully implement these, prompted the Commission to increase the Mayor's term of office from two to four years with a limitation of two consecutive terms.

B. OTHER EXECUTIVE PROPOSALS

Two new departments, a new chief administrative officer, a new commission, and new board are proposed.

1. DEPARTMENT OF CORPORATION COUNSEL AND PUBLIC PROSECUTOR

In keeping with one of the golden threads that weaves its way through the Commission's deliberations, it was proposed to

separate the civil law functions from the criminal law functions presently handled by a single department, viz., the County Attorney's Office. It was the belief of the Commission that greater expertise could and would be developed in each of these fundamental areas of the law, if each was entrusted to a separate department. Thus, there would be greater efficiency, and perhaps more accountability as well, in the operations of these areas of County government. The Commission therefore, proposed a new Department of the Prosecuting Attorney, and a Department of Corporate Counsel.

2. DEPARTMENT OF HUMAN CONCERNS

Under the existing Charter, with the passage of time, there appeared to be a variety of functions carried on by different departments and agencies that had to do with what the Commission characterized as "human concerns." It was felt that for greater efficiency, the elimination of overlap, and for the purpose of giving greater attention to these human concerns, the time had come for the centering of these responsibilities in a single department. A new Department of Human Concerns has therefore been proposed.

3. MANAGING DIRECTOR

The Commission felt that the size of operations of the executive branch of County government, together with the ever increasing demands being made upon the time available to the Mayor, that greater efficiencies in the executive branch would be effected in providing the Mayor with a chief administrative officer. Thus, the Commission has provided for a Managing Director who will act as the Chief Administrative Assistant to the Mayor who will be responsible for the coordination and efficiency in the various departments and agencies of the executive branch of County government. This office has proven successful in the County of Hawaii and the City and County of Honolulu.

4. COST OF GOVERNMENT COMMISSION

Something entirely new has been proposed by way of a Cost of Government Commission. The Charter Commission is of the be-

lief that the problem of ever increasing costs of operating local government on the one hand, with limited financial resources to meet those costs on the other hand, has given rise to the need to keep the cost of government minimized, and to maximize its efficiency.

The Cost of Government Commission would provide a cyclical review of cost and efficiency of both the legislative and executive branches of County government. The Commission believes that this Commission, if adopted, will be one of the first of its kind in local government.

5. BOARD OF ETHICS

A complete revision of the Code of Ethics is proposed. One of its chief characteristics is to provide for a Board of Ethics.

In general, the Code of Ethics requires public disclosure by public servants, so that, should conflicts of interest arise they would be made generally known to the public.

The Board of Ethics is empowered to initiate on its own, or receive complaints from the public and to hear and investigate alleged violations of the Code of Ethics and to make its findings known to the prosecuting attorney for appropriate action.

IV. FINANCIAL ACCOUNTABILITY

The Commission has proposed a newly drafted section calling for the annual auditing of all accounts and financial transactions of the County by independent certified public accountants.

The audit shall include both financial accountability and adequacy of the County's financial and accounting system. In short, this function together with the services of the Cost of Government Commission and a newly drafted provision for statements to be provided by the Director of Finance to the County Council should provide a sound "watch dog" service over the public purse.

V. PLANNING

A. PRESENT CHARTER PROVISIONS

The existing Maui Charter gives the County Planning Director little guidance other than to direct him to "Prepare a general plan to guide the development of the County by district or districts."

Overview

EXHIBIT B

**County of Maui, Proposed Resolution entitled
“PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE
COUNTY OF MAUI (1983), AS AMENDED, RELATING TO THE ABOLISHMENT
OF THE COST OF GOVERNMENT COMMISSION”**

RECEIVED

March 31, 2014

2014 MAR 31 PM 4:04

OFFICE OF THE
COUNTY COUNCIL

MEMO TO: PIA-10 File

F R O M: G. Riki Hokama, Chair *GRH*
Policy and Intergovernmental Affairs Committee

SUBJECT: TRANSMITTAL OF LEGISLATIVE PROPOSAL RELATING TO
PROPOSED CHARTER AMENDMENTS (COST OF GOVERNMENT
COMMISSION) (PAF 14-090; PIA-10)

The attached legislative proposal pertains to Item 10 on your committee's agenda.

pafilemn:14-090d

Attachment

Resolution

No. _____

PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, RELATING TO ABOLISHING THE COST OF GOVERNMENT COMMISSION

WHEREAS, in 2012, the voters of the County of Maui approved an amendment to the Revised Charter of the County of Maui (1983), as amended ("Charter"), to establish the Office of the County Auditor; and

WHEREAS, the establishment of the Office of the County Auditor obviates the need for the Cost of Government Commission, whose functions are subsumed by the County Auditor; and

WHEREAS, Section 3-9 of the Charter declares it to be the policy of the County of Maui to promote economy, efficiency, and improved service in the transaction of the public business in the legislative and executive branches of the county; and

WHEREAS, the policy mandates the limitation of expenditures to the lowest amount consistent with the efficient performance of essential services, activities, and functions; and

WHEREAS, the policy also mandates elimination of duplicative and overlapping services, activities, and functions; now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

1. That, pursuant to Section 14-1(1) of the Charter, it hereby proposes that Section 3-9.2(4) of the Charter, pertaining to the powers, duties, and function of the County Auditor, be amended to read as follows:

"4. The county auditor shall submit its budget to the county council [and its budget shall include the cost of government's budget] subject to Article 9, Section 9-2.1"; and

2. That, pursuant to Section 14-1(1) of the Charter, it hereby proposes that Section 3-9.3 of the Charter, pertaining to the Cost of Government Commission, as set forth below, be repealed:

Resolution No. _____

"[Section 3-9.3. Cost of Government Commission. For the purpose of carrying out the policy set forth herein, in accordance with section 13-2 of this charter, the mayor with the approval of the council shall appoint a cost of government commission consisting of nine members. The commission shall be advisory to the county auditor.

The commission shall have the power and duty to:

1. Study and investigate the organizations and methods of operations of all departments, commissions, boards, offices, and other instrumentality of all branches of the county government and determine what changes, if any, may be desirable to accomplish the policy set forth herein.

2. Be authorized to secure directly from any department, commission, board, office, or any other instrumentalities of all branches of the county government or from any individual officer or employee of the county, information, suggestions, estimates, and statistics necessary to carry out its duties.

3. Submit an annual report of its findings and recommendations to the mayor, council, and county auditor.]" and

3. That material to be repealed is bracketed; and

4. That, pursuant to Section 14-2(1) of the Charter, this resolution be submitted to the voters of the County of Maui at the next general election; and

5. That the County Clerk prepare the necessary ballot for presentation to the voters at the next general election; and

6. That, pursuant to Section 14-1(1) of the Charter, it hereby proposes that the following question be placed on the next general election ballot:

"Shall the Charter be amended to abolish the Cost of Government Commission?"; and

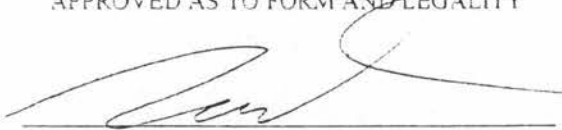
7. That, pursuant to Section 14-2(2) of the Charter, the County Clerk publish this proposed amendment in a newspaper of general circulation; and

8. That, upon approval by the majority of the voters voting on the proposed amendment and upon official certification of such result, the amendment proposed herein shall take effect; and

Resolution No. _____

9. That certified copies of this resolution be transmitted to the Mayor, the County Auditor, and the Corporation Counsel.

APPROVED AS TO FORM AND LEGALITY

A handwritten signature in black ink, appearing to read 'E. Kushi, Jr.', is written over a horizontal line.

Edward S. Kushi, Jr.
First Deputy Corporation Counsel
County of Maui
S:\ALL ESK\RESO\Charter COG.doc

Overview

EXHIBIT C

**County of Maui, Proposed Resolution entitled
“PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE
COUNTY OF MAUI (1983), AS AMENDED, RELATING TO CLARIFYING THE
DUTIES OF THE COST OF GOVERNMENT COMMISSION”**

Resolution

No. _____

PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, TO CLARIFY THE DUTIES OF THE COST OF GOVERNMENT COMMISSION

WHEREAS, in 2012, the voters of the County of Maui approved an amendment to the Revised Charter of the County of Maui (1983), as amended ("Charter"), to establish the Office of the County Auditor and to provide that the Cost of Government Commission shall be advisory to the auditor; and

WHEREAS, the Office of the County Auditor is mandated to conduct, or cause to be conducted, certain audit functions, and is empowered to conduct evaluations of County organizations, operations, and regulations, portions of which may previously have been undertaken at the discretion of the Cost of Government Commission; and

WHEREAS, the County Auditor is required to submit its office budget, including the budget of the Cost of Government Commission, to the Council; and

WHEREAS, Section 3-9 of the Charter declares it to be the policy of the County to promote economy, efficiency, and improved service in the transaction of the public business in the legislative and executive branches of the County; and

WHEREAS, the policy mandates the limitation of expenditures to the lowest amount consistent with the efficient performance of essential services, activities, and functions; and

WHEREAS, the policy also mandates elimination of duplicative and overlapping services, activities, and functions; now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

1. That, pursuant to Section 14-1(1) of the Charter, it hereby proposes that Section 3-9.3 of the Charter, pertaining to the Cost of Government Commission, be amended to read as follows:

"Section 3-9.3. Cost of Government Commission. For the purpose of carrying out the policy set forth herein, in accordance with section 13-2 of this charter, the mayor with the approval of the council shall appoint a cost of government commission consisting of nine

RECEIVED AT PIA MEETING ON 06/05/14
COMMITTEE CHAIR

Resolution No. _____

members. The commission shall [be advisory] provide advice to the county auditor[.] only upon the auditor's request.

The commission shall [have the power and duty to:

1. Study and investigate the organizations and methods of operations of all departments, commissions, boards, offices, and other instrumentality of all branches of the county government and determine what changes, if any, may be desirable to accomplish the policy set forth herein.

2. Be authorized to secure directly from any department, commission, board, office, or any other instrumentalities of all branches of the county government or from any individual officer or employee of the county, information, suggestions, estimates, and statistics necessary to carry out its duties.

3. Submit] submit [an annual] a report of its findings and recommendations to the mayor, council, and county auditor[.], if requested by the auditor to provide advice."

2. That material to be repealed is bracketed and new material is underscored:
and

3. That, pursuant to Section 14-2(1) of the Charter, this resolution be submitted to the voters of the County of Maui at the next general election; and

4. That the County Clerk prepare the necessary ballot for presentation to the voters at the next general election; and

5. That, pursuant to Section 14-1(1) of the Charter, it hereby proposes that the following question be placed on the next general election ballot:

"Shall the Charter be amended to clarify that the Cost of Government Commission acts only upon the request of the County Auditor, to whom it is advisory, thereby eliminating duplication of services and streamlining functions within the Office of the County Auditor?"

6. That, pursuant to Section 14-2(2) of the Charter, the County Clerk publish this proposed amendment in a newspaper of general circulation; and

7. That, upon approval by the majority of the voters voting on the proposed amendment and upon official certification of such result, the amendment proposed herein shall take effect; and

Resolution No. _____

8 That certified copies of this resolution be transmitted to the Mayor, the County Auditor, and the Corporation Counsel

APPROVED AS TO FORM AND LEGALITY

Edward S. Kushi, Jr.
First Deputy Corporation Counsel
County of Maui

paifsch.14-090b

COUNCIL OF THE COUNTY OF MAUI

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE

June 20, 2014

Committee
Report No. _____

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Policy and Intergovernmental Affairs Committee, having met on May 13, 2014, and June 5, 2014, makes reference to County Communication 09-229, from Michael J. Molina, Chair, Committee of the Whole, relating to proposed amendments to the Revised Charter of the County of Maui (1983), as amended ("Charter").

By correspondence dated March 31, 2014, the Chair of your Committee transmitted a proposed resolution entitled "PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, RELATING TO ABOLISHING THE COST OF GOVERNMENT COMMISSION". The purpose of the proposed resolution is to place on the next General Election ballot the question of whether Sections 3-9.2(4) and 3-9.3 of the Charter shall be amended to abolish the Cost of Government Commission ("Commission"), whose functions have been subsumed by the newly established Office of the County Auditor.

The Chair of your Committee distributed a revised proposed resolution entitled "PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, TO CLARIFY THE DUTIES OF THE COST OF GOVERNMENT COMMISSION". The purpose of the revised proposed resolution is to place on the next General Election ballot the question of whether Section 3-9.3 of the Charter shall be amended to state the Commission acts only upon the request of the County Auditor, to whom it is advisory.

Your Committee notes the voters of the County of Maui approved a Charter amendment in 2012 to establish the Office of the County Auditor. The amendment also removed Article 8, Chapter 16, of the Charter, which contained provisions for a stand-alone Commission. The Charter amendment transferred the policy declaration previously applicable to the Commission to a new Section 3-9, forming a framework for the Office of the County Auditor.

COUNCIL OF THE COUNTY OF MAUI

POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE

Page 2

Committee
Report No. _____

Your Committee further notes Charter Section 3-9 declares it to be the policy of the County to promote economy, efficiency, and improved service in the transaction of the public business in the legislative and executive branches of the County. The section calls for limiting expenditures to the lowest amount consistent with the efficient performance of essential services, activities, and functions; eliminating duplication; consolidating services, activities, and functions of a similar nature; and abolishing unnecessary services, activities, and functions.

Charter Section 3-9.2 states the Office of the County Auditor shall conduct, or cause to be conducted, certain audit functions. It also empowers the Office to conduct evaluations of County organizations, operations, and regulations, some part of which may previously have been undertaken at the discretion of the Commission.

Ancillary to the County Auditor is the Commission, set forth in Section 3-9.3 of the Charter, whose task under the 2012 Charter amendment is to "be advisory to the county auditor". In submitting its budget to the Council, the County Auditor is required to also include a budget for the Commission.

Your Committee noted the Office of the County Auditor was structured to be independent, and Commission members, while appointed by the Mayor with the approval of the Council, generally work with the Administration.

Your Committee expressed concern about the Commission's focus on evaluating, investigating, and controlling the newly established Office of the County Auditor, even though the Office has only recently begun its operations. Your Committee noted the Commission was to be "advisory," not "supervisory". In addition, your Committee notes the Commission admitted a need for clarification of its role in relation to the Office of the County Auditor in its 2013-2014 Annual Report.

Your Committee debated the merits of each resolution. On the one hand, your Committee noted the duties now assigned to the County Auditor may render the Commission unnecessary. Your Committee also noted the directions undertaken by the Commission seemed to interfere with the efficient performance of the County Auditor's role. In keeping with the policies set forth in Charter Section 3-9, the Commission should, therefore, be abolished.

COUNCIL OF THE COUNTY OF MAUI
**POLICY AND INTERGOVERNMENTAL
AFFAIRS COMMITTEE**

Page 3

Committee
Report No. _____

On the other hand, your Committee noted the Commission could prove a useful tool to the County Auditor and, if requested to provide advice by the Auditor, could perform a valuable service to the County.

Your Committee opted to pursue the proposal that would retain the Commission but establish that its function is to serve in an advisory capacity to the County Auditor and to act only upon the request of the Auditor. Your Committee opined the amendment would increase collaboration between the County Auditor and the Commission.

Your Committee notes the revised proposed resolution deletes specified powers and duties of the Commission to confirm that any studies and investigations conducted by the Commission shall not be done of its own accord, but only at the request of the County Auditor. Your Committee further notes the deletion of Section 3-9.3(2), relating to the Commission's authorization to secure information needed to carry out its duties, does not affect the authority granted boards and commissions generally under Section 13-2 of the Charter, including the authority under Section 13-2(10) to subpoena witnesses on matters within their authority.

Your Committee voted 6-0 to recommend passage of the revised proposed resolution on first reading. Committee Chair Hokama and members Carroll, Cochran, Crivello, Guzman, and White voted "aye". Committee Vice-Chair Couch and members Baisa and Victorino were excused.

Your Committee is in receipt of a further revised proposed resolution, approved as to form and legality by the Department of the Corporation Counsel, incorporating technical revisions to the text of proposed Section 3-9.3 of the Charter and the accompanying ballot question.

Your Committee notes Section 14-1(1) of the Charter provides that amendments to the Charter shall be initiated by resolution of the Council adopted after two readings on separate days and passed by a vote of six or more members of the Council.

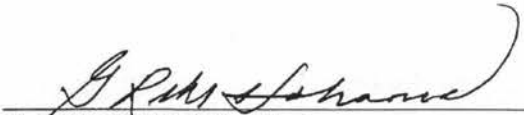
Your Policy and Intergovernmental Affairs Committee RECOMMENDS that Resolution _____, attached hereto, entitled "PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, TO CLARIFY THE DUTIES OF THE COST OF GOVERNMENT COMMISSION", be PASSED ON FIRST READING and be ORDERED TO PRINT.

COUNCIL OF THE COUNTY OF MAUI
**POLICY AND INTERGOVERNMENTAL
AFFAIRS COMMITTEE**

Page 4

Committee
Report No. _____

This report is submitted in accordance with Rule 8 of the Rules of the Council.



G. RIKI HOKAMA, Chair

pia:cr:14010(2)aa:scb

Resolution

No. _____

PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, TO CLARIFY THE DUTIES OF THE COST OF GOVERNMENT COMMISSION

WHEREAS, in 2012, the voters of the County of Maui approved an amendment to the Revised Charter of the County of Maui (1983), as amended ("Charter"), to establish the Office of the County Auditor and to provide that the Cost of Government Commission shall be advisory to the auditor; and

WHEREAS, the Office of the County Auditor is mandated to conduct, or cause to be conducted, certain audit functions, and is empowered to conduct evaluations of County organizations, operations, and regulations, portions of which may previously have been undertaken at the discretion of the Cost of Government Commission; and

WHEREAS, the County Auditor is required to submit its office budget, including the budget of the Cost of Government Commission, to the Council; and

WHEREAS, Section 3-9 of the Charter declares it to be the policy of the County to promote economy, efficiency, and improved service in the transaction of the public business in the legislative and executive branches of the County; and

WHEREAS, the policy mandates the limitation of expenditures to the lowest amount consistent with the efficient performance of essential services, activities, and functions; and

WHEREAS, the policy also mandates elimination of duplicative and overlapping services, activities, and functions; now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

1. That, pursuant to Section 14-1(1) of the Charter, it hereby proposes that Section 3-9.3 of the Charter, pertaining to the Cost of Government Commission, be amended to read as follows:

"Section 3-9.3. Cost of Government Commission. 1. For the purpose of carrying out the policy set forth herein, in accordance with section 13-2 of this charter, the mayor with the approval of the council shall appoint a cost of government commission consisting of nine members.

Resolution No. _____

2. The commission shall [be advisory] provide advice to the county auditor[.] only upon the auditor's request. In addition, if requested by the county auditor, the commission shall submit a report of its findings, recommendations, and conclusions to the auditor, the mayor, and the council.

[The commission shall have the power and duty to:

1. Study and investigate the organizations and methods of operations of all departments, commissions, boards, offices, and other instrumentality of all branches of the county government and determine what changes, if any, may be desirable to accomplish the policy set forth herein.

2. Be authorized to secure directly from any department, commission, board, office, or any other instrumentalities of all branches of the county government or from any individual officer or employee of the county, information, suggestions, estimates, and statistics necessary to carry out its duties.

3. Submit an annual report of its findings and recommendations to the mayor, council, and county auditor.]”

2. That material to be repealed is bracketed and new material is underscored;
and

3. That, pursuant to Section 14-2(1) of the Charter, this resolution be submitted to the voters of the County of Maui at the next general election; and

4. That the County Clerk prepare the necessary ballot for presentation to the voters at the next general election; and

5. That, pursuant to Section 14-1(1) of the Charter, it hereby proposes that the following question be placed on the next general election ballot:

“Shall Section 3-9.3 of the Charter be amended to state that the Cost of Government Commission acts only upon the request of the County Auditor, to whom it is advisory?”

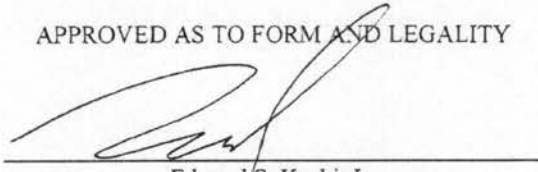
6. That, pursuant to Section 14-2(2) of the Charter, the County Clerk publish this proposed amendment in a newspaper of general circulation; and

7. That, upon approval by the majority of the voters voting on the proposed amendment and upon official certification of such result, the amendment proposed herein shall take effect; and

Resolution No. _____

8. That certified copies of this resolution be transmitted to the Mayor, the County Auditor, and the Corporation Counsel.

APPROVED AS TO FORM AND LEGALITY

A handwritten signature in black ink, appearing to read 'E. Kushi, Jr.', is written over a horizontal line.

Edward S. Kushi, Jr.
First Deputy Corporation Counsel
County of Maui

pia:misc:010(2)areso01

Overview

EXHIBIT D

**Testimonial Letter to Maui County Council Chair Gladys C. Baisa
and Members of the Maui County Council**

Tina Gomes
Chair



COST OF GOVERNMENT COMMISSION

COUNTY OF MAUI
2145 WELLS STREET, SUITE 106
WAILUKU, MAUI, HAWAII 96793

June 18, 2014

Honorable Gladys C. Baisa, Chair
and Members of the Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Baisa and Members:

RECEIVED
2014 JUN 18 PM 2:30
OFFICE OF THE
COUNTY CLERK

SUBJECT: PROPOSED RESOLUTION ENTITLED, "PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, TO CLARIFY THE DUTIES OF THE COST OF GOVERNMENT COMMISSION" (COMMITTEE REPORT NO. 14-66)

We are writing with respect to the proposed resolution entitled, "PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, TO CLARIFY THE DUTIES OF THE COST OF GOVERNMENT COMMISSION." The proposed resolution seeks to strip the Cost of Government Commission's ("COGC" or "Commission") independence by providing that the COGC be permitted to "provide advice to the county auditor *only upon the auditor's request*" (emphasis added). The proposed resolution also eliminates the COGC's independent authority to present an annual report of its findings to the Mayor, County Council, and County Auditor, and instead permits the COGC to report its findings, recommendations, and conclusions *only* "if requested by the county auditor."

The Commission opposes the proposed resolution and respectfully requests that the County Council reject it.

The COGC has been in existence for almost 40 years, having been created by Charter in 1976. In its final report dated February 19, 1976, the Charter Commission stated:

The Cost of Government Commission would provide a cyclical review of cost and efficiency of both the legislative and executive branches of County Government. The [Charter] Commission believes that this Commission [COGC], if adopted, will be one of the first of its kind in local government.

Report of the Maui County Charter Commission, p. 5 (1976).

Honorable Gladys C. Baisa, Chair
and Members of the Maui County Council
June 18, 2014
Page 2

For the past 38 years, the volunteer community members who have served on the Commission have strived to uphold the Charter's "Declaration of Policy" to "promote economy, efficiency, and improved service in the transaction of the public business in the legislative and executive branches of the county." Section 3-8.1, Revised Charter of the County of Maui (2013). Between 2008 and 2013, the recommendations set forth in the Commission's annual reports have been generally well received and led to positive change in County government, including the implementation of a County-wide vehicle use policy, the installation of GPS tracking devices in County vehicles, the demolition of the Old Wailuku Post Office, an improved permitting process, and the creation of the Office of the County Auditor.

With the creation of the Office of the County Auditor (OCA) in the 2012 General Election, followed by the appointment of the auditor in July 2013, the Commission focused most of its 2013-2014 term trying to understand its role in relationship to that of the new OCA. Beginning in July 2013, County Auditor Lance Taguchi met regularly with the Commission as both the OCA and COGC sought to clarify their newly-formed relationship as delineated (oftentimes not so clearly) by the Charter.

One thing that was evident, however, was that the Charter Commission clearly contemplated the importance of maintaining the COGC as separate and distinct from the County Auditor:

[T]he Commission debated whether or not to continue the functions of the Cost of Government Commission, and concluded that it was necessary in order to give the highest priority to independence. The Commission disagrees with the Council and has decided that continuing the Cost of Government Commission would enhance and provide further protection in a system of checks and balances.

See Letter from Joshua A. Stone, Chair, Maui County Charter Commission, to the Honorable Danny A. Mateo, Council Chair (May 25, 2012), p. 6. The Charter Commission reiterated this exact language in its findings and recommendations on month later. See 2011-2012 Maui County Charter Commission Revised Final Report to the County Clerk (June 25, 2012), p. 13.

The roles and responsibilities of the OCA and the COGC are as distinct as the entities themselves. The OCA is comprised of a small, professional staff whose powers, duties, and functions are specifically defined by Charter. The Auditor is an individual whose expertise and education make him distinctly suited for the position. As with other auditors in the State of Hawaii, he follows Generally Accepted Government Auditing Standards (Yellow Book). The Auditor is committed to the County's declaration of policy, but is confined to some degree by the plan of audits he presents at the beginning of each fiscal year and by the strictures of his profession. In other words, he is tasked with performing professional audits, but not necessarily coming up with good ideas that might save the County money or make government more efficient.

The COGC, in contrast, is comprised of nine citizen volunteers from diverse backgrounds that include business owners, managers in the non-profit sector, experts in accounting and finance, and other fields. These volunteers are equally dedicated to upholding the County's declaration of policy of economy, efficiency and improved service in government, and bring their varied experiences and understanding of local government to the table when they decide what issues affecting the people of Maui County are worth exploring. They are the eyes and ears of the public. Their import lies in their ability to search out and highlight issues and present ideas that might help government run more efficiently.

To strip the COGC of its responsibilities would do a disservice to the Maui County community. It would leave the public without a voice and instead limit the nine citizen volunteers to serve under the control and discretion of the County Auditor, which is not what the Charter Commission intended. Moreover, it would result in the cessation of the COGC's search for "good ideas" to save the County money, as the OCA would still be constrained by its professional limitations and would still be unable to pursue good ideas that are not appropriate subjects for an audit. Should the County Council decide to go one step further and dismantle the COGC altogether, the public's voice would be silenced completely and permanently.

The County Auditor has also repeatedly emphasized the importance of the OCA being able to maintain its independence as it proceeds with its audit plan. He has spoken candidly about the OCA's need to be independent not only from the legislative and administrative branches, but also from the Commission itself. Consequently, for the County Council to propose that the Commission "provide advice" to the Auditor only if he or she requests such advice would undermine the very independence the Auditor is working so hard to establish.

Finally, we appeal to common sense. The COGC has been in existence for 38 years, and the OCA is not yet one. The two entities have distinct duties but similar goals, and they are still ironing out their distinct roles and responsibilities. In addition, there has been significant turnover in the COGC, with seven (7) new members appointed in the last 11 months; four commissioners attended their first meeting in April, and the most recently-appointed commissioner attended his first meeting in June.

As their respective roles have become more defined, the COGC and the OCA are moving forward with their missions. For its part, the COGC is ready and eager to return to its investigative work – as envisioned in the Charter. At the same time, the OCA is working diligently to complete its first audit – also as envisioned in the Charter. At a minimum, the County Council should provide the COGC and OCA with the opportunity to fulfill their Charter-defined roles over the next few years. If it so chooses, the County Council can then reevaluate the relationship to determine whether there is redundancy or whether the two entities indeed complement each other. We submit that the latter relationship will prevail.

Boards and commissions were created to allow citizens to be engaged with their government. These volunteers are, for all intents and purposes, the voice of the public, and boards and commissions are granted significant autonomy to ensure that the public's voice is

Honorable Gladys C. Baisa, Chair
and Members of the Maui County Council
June 18, 2014
Page 4

actually heard. A department head or administrator should not be able to dictate the duties or functions of a commission or board or filter its message. Doing so would undeniably weaken the goal of transparency and accountability.

Those who came before us and adopted the Charter saw a distinct need for the COGC. That need has not gone away just because there is now a professional auditor. We respectfully request that you reject the current proposed resolution and allow the COGC and the Auditor to continue in their current capacities as voted on by the people of Maui in 2012.

Thank you for your consideration.

Sincerely,

COST OF GOVERNMENT COMMISSION

A handwritten signature in black ink, appearing to read "Tina Gomes", is written over the printed name.

TINA GOMES
Chair

cogc:140618amc01.TG

cc: Lance Taguchi, County Auditor
Edward S. Kushi, Jr., First Deputy Corporation Counsel
John Buck, Executive Assistant, Office of the Mayor

Overview

EXHIBIT E

**Copy of The Maui News Article, entitled
“Councilors Vote Down Charter Resolution”**

Councilors vote down charter resolution

Cost of Government Commission
limitations go back to committee

By MELISSA TANJI, Staff Writer

WAILUKU — A resolution proposing an amendment to the Maui County Charter that would greatly limit the powers of the Cost of Government Commission and place the panel under the control of the county auditor was voted down by the Maui County Council on Tuesday.

On second reading, council members, who may have been swayed by public testimony Tuesday, voted 8-0 to forgo placing the resolution on the general election ballot. Instead, the measure was referred back to committee for further discussion. Council Member Riki Hokama was absent and excused.

On June 20, the council approved the measure on first reading, 7-1. Council Vice Chairman Robert Carroll was the lone nay vote, saying the measure should be sent back to committee for further clarifications.

"I feel we need more discussion on this before we put it on the ballot," said Council Member Stacy Orfello, who voted on this time.

She viewed the job of the county auditor and the role of the Cost of Government Commission, a panel con-

ALSO SEE ...

• Councilors on Tuesday approved on first reading a new bill that would modify the circuit breaker property tax credit.

... ON PAGE 13

The Maui News, July 9, 2014 (Wednesday)

See COST on Page A4

Cost

Continued from Page A1

sisting of members of the public, as "separate."

Council Member Elle Cochran referred to testimony she heard Tuesday, in which a testifier said that County Auditor Lance Taguchi had not been consulted about the resolution. This apparently concerned Cochran, who voted "no."

Other council members expressed some reservations about placing the item on the Nov. 4 ballot but appeared to speak in support of the resolution. But when Chairwoman Gladys Baisa called for the vote, no one supported the measure.

The Cost of Government Commission helps the county promote economy, efficiency and improved service to the public by reviewing county op-

erations and policies and making recommendations to improve them. The panel also submits an annual report of its findings and recommendations to the mayor and council, according to the Maui County website.

During the last council meeting, Hokama, chairman of the council Policy and Intergovernmental Affairs Committee, through which the bill passed, said that the commission appointed by the mayor's administration with the approval of the council is not wholly independent. Hokama also wrote in a report that the commission may be unnecessary now that the Office of the County Auditor duties have been established.

While the original proposal had recommended that the commission be abolished, committee members decided in-

stead to clarify the duties of the panel so that it acts "only upon the request of the county auditor to whom it is advisory," according to county filings.

Ron Kawahara, a former Cost of Government Commission member, told council members that some may think that the commission is not needed with the appointment of a county auditor but that is far from the truth. He said that the panel is a way for citizens to give input. While citizen input may not be as effective at other levels of government, "at the county level we can make a difference," he said.

He noted that the police and fire departments each have a commission overseeing both public safety agencies.

"You need that oversight," Kawahara added.

Contrary to what some may believe, the Cost of Govern-

ment Commission would not be trying to control the county auditor but to work together, he said. Kawahara said at least two other state counties have both a Cost of Government Commission and a county auditor.

Commission Chairwoman Tina Gomes urged council members to reverse their initial vote. "Please reconsider your position taken at the first reading," she said.

Gomes, who also testified at the previous council meeting on the amendment, said that she spoke with Taguchi, who said that he had not been consulted about the resolution and that he did not know what the impact of the amendment would be.

While the original resolution would have abolished the commission, the current resolution is not much better because it

would strip the powers of the commission altogether, she said.

John Buck, an executive assistant to Mayor Alan Arakawa, said that the mayor wanted the matter referred back to committee, noting that there are questions and concerns. Some of those issues included whether the county auditor would be able to conduct all of the audits that the commission currently handles.

Cost of Government Commission Member Dale Thompson questioned the rush to clarify the duties of the commission. He added that unlike the county auditor, the commission is not paid by the county.

"We are citizens. I think it holds great merit," he said.

■ Melissa Tanji can be reached at mtanji@maui.news.com.

Cost of Government Commission County Planning Commissions T.I.G. Report

John Watling
Bradley "Brad" Bunn
Kent Hiranaga
Stanford Lanas
Yuki-Lei Sugimura

**COST OF GOVERNMENT COMMISSION
COUNTY PLANNING COMMISSIONS T.I.G.
FINAL REPORT**

I. INTRODUCTION

In 1965, resolution 65-90, entitled “RESOLUTION CREATING THE LANAI ADVISORY COMMITTEE TO THE COUNTY OF MAUI PLANNING AND TRAFFIC COMMISSION” created the Lanai Advisory Committee. See Exhibit A. In 1988, a proposed resolution 88-67, entitled “PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI 1983 RELATING TO ESTABLISHING PLANNING COMMISSIONS FOR LANAI MOLOKAI AND MAUI” was introduced to amend the Revised Charter of the County of Maui (1983) to establish planning commissions for Lanai, Molokai and Maui. See Exhibit B. However, it did not pass. Subsequently, a proposed resolution 88-70, entitled “PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI 1983 RELATING TO ESTABLISHING PLANNING COMMISSIONS FOR MAUI AND MOLOKAI” was adopted creating planning commissions for only the islands of Maui and Molokai. See Exhibit C and D. In 1992, the Charter Commission proposed a Charter amendment, amending chapter 8, Department of Planning, to state, “There shall be a planning department consisting of a Maui Planning Commission, a Molokai Planning Commission and a Lanai Planning Commission....” See Exhibit E and F. It was approved by a majority of the voters at the General Election of 1992. Effective November 24, 1992, the County of Maui would now have three (3) separate planning commissions.

The County of Maui spends an estimated \$4,183.00 per meeting to conduct the Lanai Planning Commission meeting and an estimated \$1,747.00 per meeting to conduct the Molokai Planning Commission meeting. That’s an estimated \$71,000.00 per year for both planning commissions. Lodging costs are expected to increase on Lanai that could push the overall cost close to \$100,000.00 per year.

The investigation focused on ways the planning commissions could continue to conduct business and serve their communities while reducing costs for Maui County. The Temporary Investigative Group (“TIG”) researched ways in which to continue with the planning commissions’ meetings but in a more cost-effective and efficient manner. See Exhibit L.

II. PURPOSE & SCOPE OF WORK

Purpose:

The Maui County Charter established the Maui, Molokai, and Lanai Planning Commissions and its duties. Its duties include advising the Mayor, County Council, and the Planning Director in matters concerning planning programs; reviewing the general plan; holding public hearings on such plans and transmitting its findings and recommendations to the Maui County Council; review proposed land use ordinances and amendments; holding hearings on such ordinances and amendments and transmitting its findings and recommendations to the Maui County Council; act as authority in all matters relating to the Coastal Zone Management Law; and adopt rules pursuant to land use ordinances or law. The TIG’s investigation focused on the travel, lodging, and per diem costs associated with conducting the Lanai and Molokai commission meetings. The purpose of this TIG was to explore ways to reduce costs associated in conducting the planning commission meetings while still carrying out the jobs, duties, and functions set out in the Maui County Charter.

Scope of Work:

The scope of the TIG’s investigation was limited to the following:

* Status at the time of the E-Mail Communication and/or In-Person Interview.

** Exhibits with provided web links can access the information online. Some of the information may not be provided in this report.

1. Interview Planning Department Administrator and Planning Commission Members (past and current);
2. Review meeting agendas and minutes as it relates to the type of business being addressed and staff necessary to conduct both the Lanai and Molokai Planning Commission meetings; and
3. Compare and contrast rules and operations of various planning commissions in the State of Hawaii.

III. METHODOLOGY

During its investigation, the TIG reviewed the following documents, which are included as exhibits (chronological order) at the end of the report:

- A. County of Maui, Proposed Resolution No. 65-90, entitled "RESOLUTION CREATING THE LANAI ADVISORY COMMITTEE TO THE COUNTY OF MAUI PLANNING AND TRAFFIC COMMISSION";
- B. County of Maui, Proposed Resolution No. 88-67, entitled "PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983) RELATING TO ESTABLISHING PLANNING COMMISSIONS FOR LANAI, MAUI AND MOLOKAI";
- C. County of Maui, Proposed Resolution No. 88-70, entitled "PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983) RELATING TO ESTABLISHING PLANNING COMMISSIONS FOR MAUI AND MOLOKAI";
- D. County of Maui, Ordinance No. 1859, Bill No. 84 (1989), entitled, "A BILL FOR AN ORDINANCE AMENDING CHAPTERS 2.28, 2.36, 2.37, 2.40, 3.36, 16.04, 18.40, 20.08 AND 20.12 OF THE MAUI COUNTY CODE, PERTAINING TO: THE PLANNING COMMISSIONS; THE TRAFFIC SAFETY COUNCIL; THE COMMISSION ON CULTURE AND THE ARTS; OTHER BOARDS, COMMISSIONS, COMMITTEES, AND AGENCIES; THE MAUI COUNTY GRANTS PROGRAM; THE FIRE APPEALS BOARD; THE SUBDIVISION ENGINEERING STANDARDS COMMITTEE; THE GRADING BOARD OF APPEALS; AND THE URBAN DESIGN REVIEW BOARD";
- E. Charter Commission Report of 1992, pgs. 32-35;
- F. County of Maui, Ordinance No. 2218, Bill No. 10 (1993), entitled, "A BILL FOR AN ORDINANCE AMENDING TITLE 2 OF THE MAUI COUNTY CODE, PERTAINING TO THE LANAI PLANNING COMMISSION";
- G. Meeting minutes from January 2014 to December 2014 for both the Molokai and Lanai Planning Commission to determine the type of business being conducted. See web links for access to Maui, Lanai, and Molokai meeting minutes listed below**:
 1. <http://www.co.maui.hi.us/Archive.aspx?AMID=85>
 2. <http://www.mauicounty.gov/Archive.aspx?AMID=74>
 3. <http://www.mauicounty.gov/Archive.aspx?AMID=87>
- H. Maui County Charter. Section 8-8.4, pg. 26;
- I. Review of the Hana Advisory Committee. See web link for access to duties and functions listed below**:
 1. <http://www.mauicounty.gov/index.aspx?NID=182>

* Status at the time of the E-Mail Communication and/or In-Person Interview.

** Exhibits with provided web links can access the information online. Some of the information may not be provided in this report.

- J. Cost per meeting worksheet for the Lanai Planning Commission and the Molokai Planning Commission prepared by the TIG; and information filled by Deputy Director of Planning, Michele McLean;
- K. Review Hawaii County and Kauai County operating processes. See web links for access to Hawaii and Kauai County Planning Commission meeting agendas and minutes listed below**:
 - 1. <http://www.hawaiicounty.gov/planning/>
 - 2. <http://records.co.hawaii.hi.us/WebLink8/DocView.aspx?id=66964&dbid=1>
 - 3. <http://records.co.hawaii.hi.us/WebLink8/DocView.aspx?id=67734&dbid=1>
 - 4. <http://records.co.hawaii.hi.us/WebLink8/DocView.aspx?id=70861&dbid=1>
 - 5. <http://records.co.hawaii.hi.us/WebLink8/DocView.aspx?id=70582&dbid=1>
 - 6. <http://www.kauai.gov/Government/BoardsandCommissions/PlanningCommission/tabid/517/Default.aspx>
- L. T.I.G. Summaries dated July 22, 2014; August 5, 2014; October 14, 2014; December 9, 2014; and February 3, 2015.

The T.I.G. also conducted interviews and communicated via E-Mail and/or telephone with the following individuals or groups. Notes and/or a summary are included as exhibits to this report.

- M. Butch Gima, Former Lanai Planning Commission Member;
- N. John Ornellas, Chair of the Lanai Planning Commission*;
- O. Keone Ball, Vice-Chair of the Maui Planning Commission*;
- P. Michele McLean, Deputy Director of the Department of Planning, County of Maui;
- Q. Mike Jennings, Chair of the Molokai Planning Commission; and
- R. Pat Reilly, Former Lanai Planning Commission Member.

IV. **FINDINGS**

Members of the TIG who were former members of the Charter Commission and a former chair of the Maui Planning Commission provided insight into the importance of the Molokai and Lanai Planning Commissions and the duties and functions they carried out. The TIG discovered that the Maui, Molokai and Lanai Planning Commissions operated under three (3) separate guidelines. See Exhibit G1 -3.

Typically, the Lanai and Molokai planning commissions meet monthly. Occasionally, a meeting may be cancelled because of a lack of quorum. The TIG questioned whether the Lanai and Molokai Planning Commissions should be restructured to an advisory committee, like the Hana Advisory Committee. See Exhibit L.

The Maui Planning Commission has regular meetings twice a month in the mornings. The average duration of a meeting is approximately seven (7) hours. The Maui Planning Commission shall be concerned with the area encompassing the islands of Maui and Kahoolawe and all other islands lying with three nautical miles of the shores thereof, and the waters adjacent thereto. See Exhibit H, pg. 26. The Maui Planning Commission waives review of Special Management Area ("SMA") Minor Permits and Exemptions, and allows the Planning Department to issue the exemptions. The Hana Advisory Committee advises the Maui Planning Commission

* Status at the time of the E-Mail Communication and/or In-Person Interview.

** Exhibits with provided web links can access the information online. Some of the information may not be provided in this report.

on matters related to East Maui (Kailua to Kaupo). Their duties are assigned and delegated by the Maui Planning Commission. See Exhibit I.

The Lanai Planning Commission (“LPC”) was meeting twice a month in the evenings while updating the Community Plan. Recently, they have reverted to meeting once a month. The average length of the meeting is three (3) hours. The LPC is the only planning commission, which includes Hawaii County and Kauai County that meets outside of normal business hours. See Exhibit K1 - 6. This accommodation was made for the residents of Lanai. See Exhibit P. Costs associated with conducting business on Lanai are approximately \$4200.00 a month which includes an estimate for travel to/from Lanai via the ferry, lodging (if applicable), meals, vehicle rental, and regular paid time and overtime pay for staff. See Exhibit J.

In 2014, the LPC met sixteen (16) times of which only seven (7) meetings had action items. See Exhibit G and L. Currently in 2015, they have had two (2) cancelled meetings due to non-action issues. See Exhibit G and P. The LPC reviews all items including SMA minors. Action items require a vote by the commission whereas non-action items are just communications that are received and no vote is taken. Because the meetings end at approximately 8:30 p.m., the attendees and staff have to stay overnight because of the lack of transportation back to Maui. In addition, they are paid per diem and overtime. The planning department has explored other options; however, when morning meetings were proposed to the LPC, the LPC was not quick to respond. The LPC explained that they were not available during normal business hours. A suggestion was made to conduct meetings via teleconferencing or video conferencing, or to conduct meetings on Saturdays. This is currently an ongoing topic of discussion between the LPC and the planning department. See Exhibit G2 (Meeting Minutes dated 12/17/14, pgs. 20 – 29), N and P.

Recently, the island of Lanai has undergone many changes in the hands of the new owner, Larry Ellison. At the very least, the transition has been challenging and has sparked many new concerns for the residents of Lanai. There have been many “new” developments and changes on the island of Lanai, which has created some apprehension amongst the residents and a sense of the unknown. With change, come new relationships. As such, this new relationship between the residents of Lanai, Larry Ellison’s advisors & management team (“Pulama Lanai”), and the planning department is still in its early stages.

According to the planning department, Pulama Lanai has been very receptive to the needs of Lanai community and the residents. See Exhibit P. Some say the LPC is the only advocating voice for the people of Lanai and that they “ask the hard questions,” especially since Pulama Lanai employs the vast majority of the residents of Lanai. See Exhibit R. The residents of Lanai do not want to lose their “voice” and wish to represent themselves in matters relating to any development and change to their island. The LPC often feels that the planning department is advocating for the developer which is why they prefer to review and vote on “everything” that affects their island. See Exhibit N.

Despite the increased costs to conduct LPC meetings on Lanai, the residents of Lanai prefer to represent themselves and keep their voice. Replacing the LPC with an advisory committee would hinder the needs of the community. The LPC currently does a great job in the serving the needs of the community. In addition to this, reducing the number of members on the commission to cure quorum issues would also take away from the community. The members of the LPC have diverse backgrounds and bring to the table their unique experiences and expertise. The planning department does not want to minimize the importance and the position of the LPC but does want the LPC to consider holding meetings during normal business hours to reduce costs. Further, a rule amendment allowing the planning director more authority could potentially reduce the number of meetings held reducing costs and time.

In contrast to the LPC, in 2014 the Molokai Planning Commission met ten (10) times. All meetings were conducted during regular business hours. See Exhibit G and L. Currently in 2015, one (1) meeting has been

*** Status at the time of the E-Mail Communication and/or In-Person Interview.**

**** Exhibits with provided web links can access the information online. Some of the information may not be provided in this report.**

cancelled due to non-action items. The average length of the meeting is approximately 1.5 hours. The costs associated with conducting business on Molokai are approximately \$1750.00 a month. Going forward, the Molokai Planning Commission will give the Planning Director more authority, which will reduce costs and time spent on their agenda items. According to Molokai Planning Chair Mike Jennings, the commission understands it is not necessary to meet if there is no “real” reason to meet, or if the agenda is light, or if items can be taken care of by the planning department. The commission always considers time and resources spent. See Exhibit Q.

If the Lanai and Molokai Planning Commissions were theoretically restructured or abolished, this would create a heavy burden on the Maui Planning Commission. Although the basis for the reform would be to reduce cost and time, the result would actually be counterproductive. For example, if the Maui Planning Commission needed to do a site visit on Lanai or Molokai, costs would be expended on travel, lodging, meals, and pay to accommodate all nine (9) commissioners. This could result in outrageous, unnecessary, increased costs to the County. Keone Ball, Vice-Chair* of the Maui Planning Commission states, “Lanai is still developing and the Maui Planning Commission does not know the demographics. It is so important for the residents of Lanai and Molokai to have a “voice” as like the residents of Maui do here. In no way should that be taken away! You can’t put a price tag on that.” See Exhibit O.

It has been over two decades since the amendment to the Maui County Charter opened a pathway for the people of Lanai and Molokai to have a “voice” and a position on matters relating to their island. Many residents of Lanai remember how much effort it took for them to get to this point. Just as the island of Maui has their own planning commission, this TIG found it only fair that the residents of Lanai and Molokai be afforded the same opportunity to feel included and to exercise their Kuleana.¹

V. RECOMMENDATIONS

- A. Conduct LPC meetings during normal business hours to reduce payroll, lodging, and per diem costs. Currently, the LPC is the only commission that meets outside of normal business hours, which creates the need for lodging, meals, overtime, and per diem for County staff. In 2016, lodging costs on Lanai are expected to triple. Conducting meetings during normal business hours would eliminate the added costs. In the alternative, meetings could be held on a Saturday during the day, which the Planning Department is receptive to. A Saturday meeting will reduce lodging costs, but it will still incur overtime pay for County staff.
- B. Propose an ordinance to require meetings to be conducted during normal (daytime) business hours.
- C. Adopt a countywide uniform administrative approval process for minor SMA permit applications, exemptions, extensions, etc. This would increase continuity to the public and reduce the frequency of meetings and cost.
- D. Investigate and explore further the use of teleconferencing, video conferencing and other methods of conducting business that does not violate Hawaii Revised Statutes (“HRS”) Chapter 92.

¹ Kuleana is one’s personal sense of responsibility.
<http://www.managingwithaloha.com/19-values-of-aloha/kuleana/>

* Status at the time of the E-Mail Communication and/or In-Person Interview.

** Exhibits with provided web links can access the information online. Some of the information may not be provided in this report.

Cost of Government Commission Grants Review Process T.I.G. Report

Gregory "Garrett" Evans
Gabriel "Gabe" Hoeffken
E. Gayle Long
Dale Thompson

**COST OF GOVERNMENT COMMISSION
GRANTS SYSTEM & PROCESS T.I.G.
FINAL REPORT**

I. INTRODUCTION

Maui County will spend approximately \$27 million on grants in Fiscal Year ("FY") 2015. Four percent (4%) of Maui County's \$600 million annual budget supports grant funding. This amount is significantly higher than the City and County of Honolulu and Hawaii County.

Grant funding is critical to many Maui County residents. Grants are awarded to private businesses and non-for-profit organizations to provide services the County may find costly to manage/supervise and to offset clients' support to agencies that are dedicated to that particular service. Grant funding benefits services and programs for the elderly, children, disabled, homeless, and in many cases, whole communities.

The Revenue from state and federal grants accounted for over \$60 million in 2015. Expenditures for grants account for approximately \$26.7 million (up from \$21.7 million in 2014 and \$21.8 million in 2013).

II. PURPOSE & SCOPE OF WORK

Purpose: An effective grant program is an invaluable tool for county governance. It provides very cost-effective ways of addressing various county needs. The purpose of this Temporary Investigative Group ("TIG") is to ensure that these funds are properly designated for specific needs that are measureable and properly evaluated.

Scope of Work: The elimination of the Grants Review Committee ("GRC") in 2014 sparked the TIG's interest in the County's grant system and process. The scope of the investigation was limited to the following:

1. Review current and historical methodologies;
2. Interview and discuss with Administration, County Council Members, and personnel from the Department of Human of Housing and Human Concerns about the current grants system and process and what improvements can be made;
3. Who would be managing and reviewing grantee submissions since eliminating the Grant Review Board in 2014;
4. Evaluate the efficiency and effectiveness of the County of Maui's policies related to the grants system and process; and
5. Suggesting operational improvements that will lead to greater efficiency and effectiveness in the future.

III. METHODOLOGY

During its investigation, the TIG reviewed the following documents, which are included as exhibits at the end of this report:

* Status at the time of the interview.

** Exhibits with provided web links can access the information online. Some of the information may not be provided in this report.

*** Multi-Person Interview.

- A. Guide to Opportunities for Improving Grant Accountability, prepared by Domestic Working Group (October 2005). See web link for the report listed below:
https://www.oig.dot.gov/sites/default/files/files/grant_accountability_paper.pdf
- B. County of Maui, Ordinance No. 4027, Bill No. 30 (2013), entitled "A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.36, MAUI COUNTY CODE RELATING TO THE MAUI COUNTY GRANTS PROGRAM."
- C. County of Maui, Ordinance No. 1859, Bill No. 84 (1989), entitled "A BILL FOR AN ORDINANCE AMENDING CHAPTERS 2.28, 2.36, 2.37, 2.40, 3.36, 16.04, 18.40, 20.08, AND 20.12 OF THE MAUI COUNTY CODE, PERTAINING TO: THE PLANNING COMMISSIONS; THE TRAFFIC SAFETY COUNCIL; THE COMMISSION ON CULTURE AND THE ARTS; OTHER BOARD, COMMISSIONS, COMMITTEES AND AGENCIES; THE MAUI COUNTY GRANTS PROGRAM; THE FIRE APPEALS BOARD; AND THE URBAN DESIGN REVIEW BOARD." See pgs. 17 -33.
- D. County of Maui, Ordinance No. 1353, Bill No. 80 (1983). A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.36 RELATING TO THE MAUI COUNTY GRANTS PROGRAM.
- E. County of Maui, Community Partnership Grants ("CPG") Program Grant Application FY 2015 – 2016.
See web link for CPG Grant Application listed below**:
 - 1. <http://co.maui.hi.us/DocumentCenter/Home/View/16990>
- F. County of Maui, Department of Housing and Human Concerns - Line Item Grant Application of Ka Hale A Ke Ola Homeless Resource Centers, Inc.¹
- G. County of Maui, Grant Revenue – Scheduled of grants by Department and Programs for FY 2015.
- H. County of Maui, Office of Economic Development ("OED") Grant Application FY 2015 – 2016.
See web link for OED Grant Application listed below**:
 - 1. <http://co.maui.hi.us/DocumentCenter/View/85308>
- I. County of Maui, Department of Housing and Human Concerns – Annual Budget of Grantees FY 2015.
- J. County of Maui, Department of Housing and Human Concerns – List of Agencies for Line Item Grants - FY 2014 Allocations and FY 2015 Requests.²
- K. County of Maui, Department of Housing and Human Concerns – Annual Budget and Agency Fiscal Information for FY 2015.
- L. County of Maui, Department of Housing and Human Concerns – List of Agencies for Line-Item Grants - Allocations for FY 2014.³
- M. County of Maui, Office of Economic Development – Annual Budget of Grantees for FY 2015.

¹ Department of Housing and Human Concerns provided as a sample of a Line Item Grant Application.

² Additional information requested by Budget & Finance Chair Mike White.

³ Additional information requested by Budget & Finance Chair Mike White on the status of the Line Item Grantees Allocations for FY 2014.

* Status at the time of the interview.

** Exhibits with provided web links can access the information online. Some of the information may not be provided in this report.

*** Multi-Person Interview.

- N. County of Maui, Office Economic Development –
List of Grant Recipients for Line Items Grants for FY 2015.
- O. County of Maui, Department of Water Supply -
List of Grant Recipients for FY 2015.
- P. T.I.G. Summaries dated – July 24, 2014; August 7, 2014; and September 8, 2014.

The T.I.G. also conducted interviews and communicated via E-Mail and/or telephone with the following individuals or groups. Notes and/or a summary are included as exhibits to this report.

- Q. Interview Notes – Meeting with Don Couch, Maui County Council Member dated November 12, 2014.
- R. Interview Notes – Meeting with Gladys C. Baisa, Chair of the Maui County Council* dated November 12, 2014.
- S. Interview Notes – Meeting with Jo-Ann T. Ridao, Director for the Department of Housing and Human Concerns dated September 9, 2014***.

E-Mail Communication dated August 1, 2014 and August 18, 2014.⁴

Presentation Notes from Cost of Government Commission Meeting dated June 12, 2014, pg. 4.
See web link for access to the Cost of Government Commission meeting minutes listed below**:

1. <http://www.mauicounty.gov/ArchiveCenter/ViewFile/Item/19239>

- T. Interview Notes – Meeting with Mike White, Budget & Finance Chair of the Maui County Council* dated November 12, 2014.
- U. Correspondence with Rudolpho ("Rudy") Esquer, Grants Management Administrator of the Department of Housing and Human Concerns dated September 10, 2014.
 1. DHHC CPG Application (FY 2015 & FY 2016) – SUPPORTING DOCUMENTS CHECKLIST.

Presentation Notes from Cost of Government Commission Meeting dated June 12, 2014, pg. 4.
See web link for access to the Cost of Government Commission meeting minutes listed below**:

1. <http://www.mauicounty.gov/ArchiveCenter/ViewFile/Item/19239>

- V. Interview Notes – Meeting with Sananda ("Sandy") Baz, Budget Director for the County of Maui Administration dated September 23, 2014.

E-Mail Communication dated August 5, 2014.

⁴ Additional documents provided by DHHC Director Ridao are attached to the exhibit. They are 1) DHHC/Grants Management Division (FY 2015) Grants Assignments List, and 2) DHHC Line-Item Grant Application (FY 2015).

* Status at the time of the interview.

** Exhibits with provided web links can access the information online. Some of the information may not be provided in this report.

*** Multi-Person Interview.

IV. FINDINGS

A. Current County Grant System - Grant

During the investigation, the TIG learned that the efficiency and effectiveness of our grant programs are extremely difficult to gauge due to the compartmentalization and inconsistencies of the process from one department to another.

According to Budget Director Sandy Baz, Maui County grants are provided by at least six different departments with each department managing their own application process. See Exhibit V. Each department is independent of each other. The procedures are not in place to prevent duplicate spending. Maui County Council Chair Gladys Baisa explained that some applicants apply for multiple departments, state, and federal grant programs and are not required to declare if they receive funding for the same purpose subsequent to submitting their application. See Exhibit R.

According to the Department of Housing and Human Concerns ("DHHC") Director Jo-Ann T. Ridao and DHHC Grants Management Administrator Rudy Esquer, in addition to grants offered from the departments, some grantees receive line-item grants. See Exhibit S. These recipients of the line-item grants undergo an application process ("after-the-fact") and are monitored by the DHHC, however these recipients are not subject to approval by the DHHC because they have already been approved for in the County's budget.

The one universal complaint about the Maui County grant process is that not all applicants are treated fairly and/or equally. This inconsistency is inevitable due to the dynamic⁵ grants approval process. See Exhibits Q – T and V.

Council Chair Mike White and Council Member Don Couch felt that line-item grantees were treated differently than traditional grantees in both the application and evaluation process. The line-item recipients are affected with extra scrutiny because of the preference on the part of County bureaucrats and/or the Administrator overseeing the grants. See Exhibits Q and T.

B. Challenges with the Current Grant System

1. In FY 2015, Maui County will receive over \$60 million in State and Federal grants. See Exhibit V. Each department within the County searches for grants with varying degrees of success. See Exhibit S. The County of Maui would benefit from a centralized grants review process with specific guidelines in place to follow when seeking funding for its departments. Unfortunately, the majority of the County's departments lack the expertise, personnel, or wherewithal to do this. See Exhibit T.
2. Maui County has no cohesive goal and/or plans to address the funding needs of the County. In 2008, a survey was conducted to determine and prioritize the various social needs of Maui County. According to DHHC Director Ridao, this report has not been used as a reference in creating a comprehensive plan and/or goal with regard to the County's grant programs. See Exhibit S. In fact, the County does not base its current grant distribution on any predetermined plan. Rather, it spends \$26 million of its budget on grants on a case-by-case basis. This is a very ineffective way to spend money. It appears there is no

⁵ Meaning and use of the word "dynamic":
Marked by usually continuous and productive activity or change
<http://www.merriam-webster.com/dictionary/dynamic>

* Status at the time of the interview.

** Exhibits with provided web links can access the information online. Some of the information may not be provided in this report.

*** Multi-Person Interview.

3. limit to the number of grants the County may offer. As a result, grants are offered based on what County officials deem reasonable. See Exhibits R and S.
4. Current structure actually inhibits the County's ability to create and execute a cohesive countywide plan because a budget for grants has not been predetermined and money has not been prioritized. There is no spending plan in place with specific goals and objectives. Therefore, the current grant system becomes the default result rather than an intended one.

In addition, there are traditional grant recipients and line-item grant recipients. This makes strategic coordination and budgeting difficult. It also creates a lot of overlap, as grantees will apply for similar or identical grants from multiple departments, State, and Federal programs resulting in inefficient spending. In the end, recipients may receive multiple grants for the same purpose. Although some departments require grantees to disclose funds received for the same or similar purpose - there is a loophole – as grantees are not disclosing other grants that has been applied for but have not yet been approved or received. See Exhibits R and S.

5. Evaluation of grantees is not consistent under the current structure. Unequal treatment of grantees was the universal complaint about the current grant system. Several Members of the Maui County Council felt that new grantees were not being treated fairly. They felt that long-time grantees were benefiting from their longstanding relationships with the administrators and that there was a sense of collaboration to increase funding by granting money that had been budgeted with another organization in mind. Also, small grantees were receiving little or no assistance in the application process and were subjected to onerous application requirements. See Exhibits Q – T. Grant administrators complained that grants could not be evaluated in a meaningful way because the funding was essentially guaranteed in the budget regardless of performance. See Exhibits R and S. These were just a few of the concerns that were expressed to the TIG. Unfortunately, the steps that were taken to level the playing field have only made things worse, both in perception and reality. Grants that were suspected of receiving undue scrutiny by grant administrators seem to be singled out by the Maui County Council in order to receive line-item grants, thereby guaranteeing unequal treatment. See Exhibit T.

Most grant applications – from providing County departments - requires that the grantee specify its own goals and objectives. These are the metrics by which the grant is evaluated. See Exhibit S. There are several dangers in this. First, grants may not choose the best metric for measurement. For example, in measuring for effectiveness of a homeless assistance program, it would prove to be effective and accurate to count the number of people who reduced their dependence on aid throughout the program versus by how many meals it provides or shelters it offers. Therefore, the lack of evaluation standards for grantees encourages efforts that are mediocre. There is a need to establish standards based on national best practices and the availability of the most recent data. See Exhibits S and V.

6. Maui County has no consistent method for application, administration, or evaluation of grantees. Lack of consistency is a problem for several reasons. Among them is its inefficiency in administering the grant. The County currently has at least eight (8) employees who, in varying capacities, administer grants for their respective departments. Each department follows its own guidelines for the application, administration and evaluation. Furthermore, some of the administrators do have the proper skillset or training to administer and monitor the application process or assisting the grantee. Therefore, resulting in varying results across the departments. See Exhibit V.

Seemingly, the departments with the largest budgets for grants have the most experienced and specialized staff. Subsequently, these staff members by their position description do not have a

* Status at the time of the interview.

** Exhibits with provided web links can access the information online. Some of the information may not be provided in this report.

*** Multi-Person Interview.

significant amount of other duties & responsibilities and are able to tend to or give their utmost attention to seeking or managing grants. However, with those departments aside, the investigation leads the TIG to conclude that significant funds are still being spent with untrained and unspecialized oversight or management. It is the opinion of the TIG that this is a result of a default system and conceived gradually due to necessity and not of thoughtful design.

7. There is no consistency in measuring results. One area we questioned in County grants is the need for successful, measurable, and accountable results. For example, a grant application, which may claim to serve up to 200 youth, is not measurable, but rather an estimate of the potential population it could reach. Each grant that is awarded should provide, commit to, and account for a level of service that will allow the County to determine the cost of that service. See Exhibit S. Another example, if a grantee provides substance abuse treatment, what is their track record of clients served over a measurable period (based on the grant terms)? Specifically, how does the agency conduct outreach to the community, and how did they follow up with their clients to determine the results. Consequently, what do they do that is unique to their field of service?
8. The county has no effective way to implement best practices across six (6) different departments. Perhaps the County’s biggest problem is it limits any improvements made or adherence to the industries best practices to a fraction of the overall expenditure. It makes it difficult to identify redundant services, update systems, provide professional assistance, or any other service the County may want to provide to its grantees or departments with limited resources. See Exhibit R.

V. RECOMMENDATIONS

• **RECOMMENDED COUNTY GRANT SYSTEM:**

1. **Create a Business Model Establishing Objectives, Implementation, Maintenance, and Review**

Develop strong and definitive written objectives for the grants department (grantor) and grantees; establish implementation procedures; determine performance by specific measurable criteria; review grantee eligibility by past performance if issued a prior County grant; establish a review process; and maintain a model of accountability.

2. **Make a Determination of the County’s Needs Prior to Allocation of Funds**

Make a determination of the County’s needs prior to allocating the funds. Once this is established, the grant money should be a predetermined amount based on the uniqueness of Maui, the intended goals, and the County’s needs. Maui County would benefit from the evaluation and prioritization of its own needs. We recommend that Maui County hire a firm (third-party consultant) to conduct such an evaluation.

3. **Appropriate Funds for Specific Needs**

We recommend that the Maui County Council and Mayor Alan Arakawa consider eliminating the use of line-item grants. Instead, the County should use the information it has about the current needs of the County to allocate funding for specific areas of need (e.g., homelessness, animal control, substance dependency, family wellness, etc.). This is in keeping with the general principles of the legislative function.

* Status at the time of the interview.

** Exhibits with provided web links can access the information online. Some of the information may not be provided in this report.

*** Multi-Person Interview.